

Chairman Daniel C. Lofgren
Director Kevin S. Carter

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah
March 28, 2013**

Minutes

Attending:	Board	Staff
	Dan Lofgren	Kevin Carter
	Steve Ostler	Kim Christy
	David Ure	Doug Buchi
	Louie Cononelos	John Andrews
	Tom Bachtell	LaVonne Garrison
	Mike Mower	Lisa Schneider
		Scott Bartlett
		Nancy Strickland
		Ron Carlson
		Rick Wilcox
		Wendy Petersen
		Sonja Wallace
		Nannette Johnson

Others in Attendance:

Margaret Bird, Utah State Office of Education
Tim Donaldson, Utah State Office of Education
Sterling Brown, Utah Farm Bureau
Brian Maffly, Salt Lake Tribune

Minutes for the Board of Trustees
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1. Welcome

Chairman Lofgren began the meeting and excused Jim Lekas who had other commitments. He welcomed guests in attendance and thanked them for coming.

2. Approval of Board Minutes of January 9, 2013

The minutes of January 9, 2013, were approved. There were several minor changes which were suggested and accepted.

“I make a motion for approval of the minutes of January 9, 2013, with the changes identified.”

Ure/Bachtell Unanimously approved

Roll Call:

Dan Lofgren – yes Steve Ostler – yes
Dave Ure – yes Louis Cononelos – yes
Tom Bachtell – yes Mike Mower – yes

3. Confirmation of Upcoming Meeting Dates

April 18	Salt Lake City
May 8-9	Tour & Meeting in Uinta Basin
June 20	Salt Lake City
July	No Meeting
August 15	Salt Lake City
September 19	Salt Lake City
October 16-17	Tour & Meeting in the St. George area
November 21	Salt Lake City

Director Carter reviewed the meeting schedule for the remainder of 2013. He also reviewed the plan for the May Tour and meeting in Vernal. No changes were identified for the schedule. Mike Mower encouraged Board member attendance at the July 2013 WSLCA conference in Omaha, Nebraska, for the understanding of what other states do to build their trust fund.

4. Consent Calendar

- a. Proposed Amendment #3 to DEVL 729 – Sun River St. George Development, L.C.**
Sun River Active Adult Retirement Community
There were no comments on this item, so it is approved.
- b. Henry Walker Homes Proposal for Developing 192 acres on Green Springs Parcel**
There were no comments on this item, so it is approved.
- c. Adoption of Grazing Assessments for 2013-2014 Grazing Season**
There were no comments on this item, so it is approved.
- d. Magnum Gas Storage Approval of Sublease/Minor Lease Acreage Adjustment**
There were no comments on this item, so it is approved.

Notification

- e. Notice of Minor Development Transaction—Sale of 0.154 Acre Parcel in the Green Springs Area of Washington County**
There were no comments on this item.

f. 5600 West DWR/UDOT/SITLA Land Exchange-Sale Update

There were no comments on this item.

Follow-up after Six Months

There were no follow-up items for this meeting.

5. Chair's Report

a. School Trust Investment Task Force

Tim Donaldson introduced plans for a school investment task force to study the management structure of the permanent fund. He discussed the possibility for a long-term design for investment management that is not subject to change with the political election process. The task force will look for ways to assure the growing fund remains in place for beneficiaries over time.

Chairman Lofgren expressed concern that as the fund grows the state appropriated funds for schools may be reduced. Dave Ure expressed the same concern for loss of base funding. The task force will look at ways to prevent a reduction in appropriated funds for schools.

Director Carter asked about measures by other states to prevent the fund from alternative uses by state government for other state needs. Mr. Donaldson said the task force would look at feasibility of what other states have done to determine if the ideas work in Utah. He mentioned he is aware of one measure by another state defining a specific use in the structure of the fund management. Mr. Donaldson indicated some states dedicate the funds to a specific place that is not associated with the base budget.

Mr. Donaldson mentioned the fund could not be insulated in the current political structure. The task force will look at many options in considering the best structure for investment management.

Vice Chair Steve Ostler asked what the Treasurer's view is of the proposed changes. Mr. Donaldson indicated the Treasurer's office does not have sufficient staff to apply the time needed for management of such a large fund.

Mr. Donaldson said there is no action requested by the Board at this time.

6. Director's Report

a. Update on Legislative Session

Director Carter reported the budget request was approved in full through the legislative process. He reviewed a list of legislative bills the agency influenced and other bills the agency monitored for the impact on agency operations.

b. Draft Policy on Grazing Fees and Permits Involved in Land Exchanges

Kim Christy presented a review of the past consideration for change to the grazing policy. There has been an agency desire for some time to create consistency in grazing fees. The draft policy creates the desired consistency. A discussion focused on the reasoning for the three-year or five-year terms for adjustment in pricing. Sterling Brown of the Utah Farm Bureau attended the meeting. He offered the support of the Farm Bureau for the implementation of the proposed grazing fee adjustments. He also shared the Bureau's appreciation for SITLA's effort to seek and incorporate input for the draft policy.

6. Director's Report (Cont'd)

b. Draft Policy on Grazing Fees and Permits Involved I Land Exchanges (Cont'd)

Dave Ure discussed how SITLA is a good steward and willing to work with ranchers. He expressed concern for ongoing political support and potential for negative impact on land exchanges. Mr. Ure recognized a way to avoid conflict is through maintaining consistency. Mr. Ure asks SITLA to change the policy to three years instead of five years for fee adjustments on lands acquired that have high-volume grazing resources. Mr. Ure expressed his belief in the feasibility to increase fees quickly because there are those who will pay more to work with SITLA.

Director Carter reminded the Board how exchanges will change which lessee is paying for the land. Due to the pending exchange, it makes more sense to phase the fees in over five years rather than three years to avoid the higher jump at the completion of the exchange. The director added that in the balance of these events the agency wants to maintain working relationships.

The Board received a motion for action on the policy and voted to consider a change to the draft policy with a three-year term of adjustment. The motion did not prevail.

"I make a motion for approval of an amended policy with a three-year term of adjustment."

Ure/Bachtell Majority denied

Roll Call:

Dan Lofgren – no	Steve Ostler – no
Dave Ure – yes	Louis Cononelos – no
Tom Bachtell – yes	Mike Mower – no

Another motion to approve policy with the five-year term of adjustment resulted in a unanimous vote.

"I make a motion for approval of the proposed policy with a five-year term of adjustment."

Ostler/Cononelos Unanimously approved

Roll Call:

Dan Lofgren – yes	Steve Ostler – yes
Dave Ure – yes	Louis Cononelos – yes
Tom Bachtell – yes	Mike Mower – yes

Chairman Lofgren signed the policy making it effective March 28, 2013.

c. Community Impact Board Funding Assistance for Easements

Kim Christy reported on the work by the agency engaged with counties, PLPCO, and other entities to clarify the status of road claims. Counties are anxious to clarify RS2477 claims and the agency connectivity to the situations. Six years ago, the work began and the agency formalized the process to evaluate county claims and determine if the road existed before or after title was attained by the agency.

In the instance of pre-existing roads, there is a valid right so a disclaimer of interest is prepared for the county. In most cases of post-title roads, there is a need for easements. The agency cannot give an asset away. There must be compensation for the road.

6. Director's Report (Cont'd)

c. Community Impact Board Funding Assistance for Easements (Cont'd)

Back in 2004, a \$1.50 surcharge was established with OHV registrations each year. The surcharge became the funding for the process to pay for easements and work began on the class B roads. At the completion of the class B roads it is clear there is not sufficient funding for the project to move forward. A \$750,000 backlog exists just to satisfy the work on class B road easements. A remedy altering the LEDA account would have yielded around \$200-300,000.

Director Carter and Mr. Christy met with the Community Impact Board (CIB). The members of the Board urged SITLA to take a different approach and work directly with the CIB. The CIB agreed to provide \$1,000,000 a year for the next five years. It is now possible to complete this work in a five-year timeline instead the predicted 20 to 25 years it would take without the funding.

Mr. Christy publicly thanked Scott Bartlett, Easement Coordinator, and Nancy Strickland, Technician, for their efforts in these road claims and the ongoing work.

Mike Mower presented a certificate of appreciation to Nannette Johnson for 25 years of devoted service to the State of Utah.

The Board moved into closed session for the remainder of the meeting to complete the last agenda items. Those in attendance for closed session included Board members, Kevin Carter, Doug Buchi, Margaret Bird, Tim Donaldson, and Nannette Johnson. At 10:20 a.m., the Board went into closed session. Those attending took a break at 10:40 a.m. Doug Buchi and Kevin Carter did not return to the meeting at 10:45 a.m. Margaret Bird and Tim Donaldson left the closed session meeting at 10:50 a.m. Kevin Carter rejoined the closed session at 10:52 a.m. and left again at 11:28 a.m.

"I make a motion the Board go into closed session for the purpose of discussions including potential litigation, real property, and personnel issues."

Mower/Cononelos Unanimously approved

Roll Call:

Dan Lofgren – yes	Steve Ostler – yes
Dave Ure – yes	Louis Cononelos – yes
Tom Bachtell – yes	Mike Mower – yes

Closed Session

The agenda items for closed session included:

Long-Term Capital Expenditure Discussion *[Met in Closed Session]*
Long-Term Personnel Activity *[Met in Closed Session]*

Upon conclusion of the closed session, the Board returned to open session at 11:33 a.m. and following a motion, adjourned the meeting at 11:34 a.m.